

Message Text

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ACTION EB-08

INFO OCT-01 ARA-10 ISO-00 STR-04 AGRE-00 CEA-01
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FM AMEMBASSY BUENOS AIRES
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E.O. 11652: N/A
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SUBJECT: GSP: FIRST YEAR REVIEW

REF: STATE 067507

ALTHOUGH ALLOWING THAT US GSP HAS BEEN BENEFICIAL,
GOA OFFICIALS DO NOT KNOW WHETHER EXPORTS TO THE US
(NON-TRADITIONAL PRODUCTS INCLUDED) HAD INCREASED AS
A RESULT OF GSP. ARGENTINE CHAMBER OF EXPORTERS COMMENT
THAT ALTHOUGH A NUMBER OF NON-TRADITIONAL PRODUCTS PRE-
VIOUSLY NOT EXPORTED TO US ARE NOW BEING TEST MARKETED
AS A RESULT OF GSP, IT IS STILL TOO EARLY TO COME TO ANY
CONCLUSION ON THE EFFECTIVENESS OF THE PROGRAM. A NUMBER
OF FACTORS, NO DOUBT, BEAR ON OVERALL INCREASE IN EXPORTS
DURING 1976, INCLUDING ITEMS ELIGIBLE FOR GSP. FOR EXAMPLE,
EXPORT ORIENTED POLICIES OF NEW MILITARY GOVERNMENT, AS
REFLECTED IN GRADUAL UNIFICATION OF THE PREVIOUS SYSTEM
OF MULTIPLE EXCHANGE RATES, INCREASED EXPORT CREDIT
FACILITIES, LIBERALIZED TERMS FOR RECEIPT OF PAYMENT, MINI-
DEVALUATIONS, ETC., HAVE ALL IMPACTED FAVORABLY ON ARGENTINE
EXPORTS. SECRETARIAT OF FOREIGN TRADE AND OTHERS PRE-
PARING STUDY ON THIS WHO E QUESTION.

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2. REGARDING NEW INVESTMENT, GOA OFFICIALS COMMENT
THAT "COMPETITIVE NEED" REQUIREMENTS OF THE US PROGRAM
TEND TO DISCOURAGE EXPANSION OF PRODUCTION AND THAT
PREFERENCES ARE OFTEN VIEWED AS MARGINAL AND TOO UNCERTAIN
TO JUSTIFY INVESTMENT PLANS. THE CASE OF CORN BEER WAS
CITED. CLAIMED THAT EXPORTERS OF THAT PRODUCT ARE NOW UNDER

PRESSURE TO REDUCE PRICES, AS A RESULT OF LOSING PREFERENCES.
IN GENERAL SUGGESTIONS WAS MADE THAT US IMPORTERS AND MID-
DLEMEN ARE NOT PASSING TARIFF ELIMINATIONS ON TO CONSUMERS.
CHAMBER OF EXPORTERS DO NOT KNOW OF ANY INVESTMENT
UNDERTAKEN AS A RESULT OF GSP, WITH THE POSSIBLE
EXCEPTION OF SOME CAPITAL OUTLAYS FOR PACAGING FOR THE
US MARKET.

3. ALTHOUGH PROBLEMS OF CORRELATION BETWEEN BTN AND TSUS
NOMENCLATURE HAVE ARISEN, GOA OFFICIALS MINIMIZE FORM A,
DIRECT SHIPMENT AND VALUE ADDED REQUIREMENT OF US PROGRAM.
FAILURE OF SOME GOA ELIGIBLE PRODUCTS TO ENTER DUTY FREE
IS ATTRIBUTED TO IGNORANCE ON THE PART OF US IMPORTERS.
ON THE OTHER HAND, CHAMBER OF EXPORTERS, WHILE
IN AGREEMENT, COMMENT THAT IGNORANCE ON THE PART OF
EXPORTERS AND FREQUENT CHANGES IN THE LIST HAVE PRESENTED
SOME PROBLEMS.
NOTE: BOTH GOA AND CHAMBER HAD BEEN INFORMED THAT
PROBLEMS REGARDING GSP ELIGIBILITY SHOULD BE LEFT
TO U.S. CUSTOMS.

4. POST QUERIED LOCAL REPRESENTATIVES OF EO ON SUBJECT,
WHO WERE NOT ABLE TO CONTRIBUTE COMMENTS. EFFORTS BEING
MADE TO OBTAIN ASSISTANCE OF BANCO DE BOSTON, FINANCIAL
ENTITY MOST ACTIVE IN EXPORT PROMOTION IN ARGENTINA.
WILL ADVISE.

5. SECRETARIAT OF FOREIGN TRADE HAS REQUESTED EMBASSY
TO PROVIDE RPINTOUT OF DOLLAR SALES BY GSP DESIGNATED
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COUNTRIES ON A TSUS LINE BY LINE BASIS FRO GSP ELIGIBLE
PRODUCTS TO ENABLE THEM TO ASSESS RELATIVE PERFORMANCE.
EMBASSY WOULD APPRECIATE EFFORT BY WASHINGTON AGENCIES
TO ACCOMODATE THIS REQUEST.
COMMENT: EMBASSY AGREES WITH COMMENTS ABOVE ON INSTABILITY
COMPETITIVE NEED INTRODUCES INTO SYSTEM. ADDITIONAL FACTOR
PROMOTING INSTABILITY IN SYSTEM IS PROSSIBILITY OF CHANGE
IN LIST OF ELIGIBLE PRODUCTS BY PETITION OF US INDUSTRY.
THESE TWO FACTORS MAKE IT UNLIKELY THAT ANY SIGNIFICANT
NEW INVESTMENT WILL BE UNDERTAKEN IN MANY IF NOT MOST
RPDUCT CATEGORIES.

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